

## Message Text

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 EUR-08 EB-03 EA-06 NSC-05 NSCE-00

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R 151625Z AUG 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 2171

INFO AMEMBASSY BRUSSELS

AMEMBASSY KINSHASA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

C O N F I D E N T I A L BONN 13281

LIMDIS

E. O. 11652: GDS

TAGS: EAID, EFIN, CG, GW

SUBJECT: FINANCIAL ASSISTANCE TO ZAIRE

REF: A) STATE 182865, B) BONN 8398, C) BONN 9952

1. ON AUGUST 14 EMBOFF CONVEYED SUBSTANCE OF REFTTEL A TO DHONDT, ACTING DIRECTOR OF AFRICA DIVISION IN MINISTRY FOR ECONOMIC COOPERATION (MEC). WHEN ASKED IF THE FRG PLANNED TO OFFER ADDITIONAL ASSISTANCE AT THIS TIME, DHONDT REPLIED THAT THE MATTER WAS CURRENTLY TIED UP BY DISCUSSIONS ON THE AMOUNT OF ADDITIONAL FUNDS THE MEC WILL RECEIVE UNDER THE UPCOMING FEDERAL PROGRAM TO REVITALIZE THE ECONOMY. DHONDT EXPECTS THE MEC TO RECEIVE AS MUCH AS 10 PERCENT OF THE EXPECTED DM 5 BILLION IN NEW FEDERAL SPENDING. IF THIS EXPECTATION IS REALIZED, APPROXIMATELY DM 20 MILLION WOULD BE AVAILABLE FOR ZAIRE. THIS ASSISTANCE WILL PROBABLY CONSIST OF TWO  
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ELEMENTS: A LINE OF CREDIT TO BE USED BY THE GOZ IN

FINANCING IMPORTS, AND SHIPMENTS OF SPECIFIC GERMAN PRODUCTS TO ZAIRE, WHICH WILL BE FINANCED BY THE FRG. THE MEC HAS SUGGESTED THAT FERRY BOATS, PRINTING FOODGRAINS BE INCLUDED AMONG THE SPECIFIC IMPORTS WHICH THE FRG WILL DELIVER DIRECTLY. WITH RESPECT TO THE LINE OF CREDIT, IT IS EXPECTED THAT THE MEC WILL BE UNDER CONSIDERABLE PRESSURE TO ENSURE THAT IT IS USED PRIMARILY FOR PURCHASES OF GERMAN PRODUCTS, SINCE MAIN PURPOSE OF ADDITIONAL BUDGET FUNDS FOR MEC IS TO STIMULATE EXPORTS, WHICH IN TURN WILL CONTRIBUTE TO AN UPSWING IN THE ECONOMY. OFFICIALLY, HOWEVER, THE GERMANS WILL DENY THAT AID IS IN ANY WAY TIED.

2. DHONDT, WHO SPOKE WITH EMBOFF PRIOR TO WISCHNEWSKI VISIT TO ZAIRE IN JUNE (REFTEL B), WAS PESSIMISTIC REGARDING THE FRG'S ABILITY TO PROVIDE ASSISTANCE ALONG THE LINES OF US APPROACH. THE GERMANS REGARD THEIR DM 70 MILLION LOAN FOR CAPITAL ASSISTANCE PROJECTS, WHICH WAS ANNOUNCED DURING THE WISCHNEWSKI VISIT, AS A GENEROUS CONTRIBUTION IN LIGHT OF SEVERE PRESSURES ON MEC BUDGET. DHONDT ACKNOWLEDGES THAT MUCH MORE NEEDS TO BE DONE, BUT PRESSURES WITHIN THE GOVERNMENT FOR FURTHER ASSISTANCE TO THE MSAS AND LEAST DEVELOPED COUNTRIES MUST ALSO BE RECKONED WITH. HE ADMITTED THAT ZAIRE'S SHARE OF THE POSSIBLE DM 500 MILLION ADDITION TO THE AID BUDGET WAS RATHER SMALL.

3. FINANCE AND ECONOMICS MINISTRIES, WHICH PARTICIPATE WITH MEC AND FONMIN IN INTERAGENCY DISCUSSIONS OF ZAIRE SITUATION, ARE REPORTEDLY WILLING TO CONSIDER SHORT-TERM BOP ASSISTANCE, INCLUDING PERHAPS HERMES GUARANTEES, IF REPEAT IF ZAIRE ACCEPTS IMF STABILIZATION PROGRAM. HOWEVER, FRG HAS NO EVIDENCE TO DATE THAT MOBUTU IS PREPARED TO ACCEPT IMF TERMS. HERMES GUARANTEES ARE CONSIDERED TOO RISKY AT PRESENT DUE TO CHAOTIC ZAIRIAN FINANCIAL ACCOUNTS AND DOUBTFUL CREDITWORTHINESS. LEVEL OF GERMAN BOP ASSISTANCE THAT MIGHT BE FORTHCOMING UNDER FRAMEWORK OF IMF STABILIZATION PLAN HAS NOT BEEN DISCUSSED  
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BY INTERAGENCY GROUP.

4. DHONDT ASKED EMBOFF IF MEETING OF CONSULTATIVE GROUP FOR ZAIRE, WHICH IS SCHEDULED FOR NOVEMBER, WOULD IN FACT TAKE PLACE. HE HAS NOT RECEIVED ANY INFORMATION ON THE MEETING FROM EITHER THE GOZ OR OTHER DONORS. PLEASE ADVISE.

5.TEXT OF GERMAN-ZAIRIAN MIXED COMMISSION MEETING  
(IN FRENCH), INCLUDING DETAILS OF DM 70 MILLION CAPITAL  
ASSISTANCE LOAN AND FUTURE TECHNICAL ASSISTANCE  
PROJECTS, WILL BE SENT BY AIRGRAM.  
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## Message Attributes

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